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## TRUSTS AND TRADE UNIONS

### AND THEIR MUTUAL RELATIONS.

THE most marked feature of present economic conditions is the division of the industrial world into two opposed camps, that of employers and that of workmen. Although the ultimate interests of labor and of capital may be identical, their immediate interests are antagonistic, as must inevitably be the case with buyers and sellers of the same commodity. Workmen have accordingly found it advisable to form associations which, through specially appointed officers, deal with the employers on fairly equal terms. It was the development of these combinations of workmen that aroused the greatest interest in students of industrial conditions and tendencies fifteen or twenty years ago; but at present the attention of economists is more strongly attracted by combinations of capitalists, or trusts. The purpose of these more recent combinations is not primarily to reduce the workers' remuneration but to secure greater economy in production and, in some cases, higher prices for their products. These two movements dominate the world of industry. They are frequently compared with one another: a union, it is asserted and denied, is a labor trust; a trust, an employers' union. But hitherto little serious attention has been given to the relations between the trusts and the unions.

As, in the popular mind, the capitalist and the workman are always striving to thwart each other, it was at first believed that, since the trust was a capitalists' organization, the working classes and their spokesmen, the trade unionists, must necessarily oppose it; and there was special ground for this belief in the early phases of the trust movement, when the dismantling of the less well-equipped establishments deprived many work people of employment. In fact, many trade unionists, retaining for some time their attitude of antagonism towards any action of the employers, did oppose the employers' latest step, the formation of trusts. The Knights of Labor, for example, took up an attitude of hos-

tility.<sup>1</sup> So also did the Tobacco Workers' International Union, which stated, as the fourth of the objects for which it was organized: "To fight the trust and all trust-made tobacco."<sup>2</sup> In many cases the trusts assumed an equally hostile attitude toward trade unions. In the original deed of the sugar trust, there is mentioned, as the third of its objects: "To furnish protection against unlawful combinations of labor."<sup>3</sup>

With the progress of time, however, it has been found that the displacement of workmen by the trusts has gradually ceased; and the attitude of the trade unions has become less hostile. In the conference on trusts held at Chicago, in 1899, those most favorable to the new development (next to the spokesmen of the trusts) were the theoretical economists and certain of the representatives of organized labor. The prevalent attitude of the latter may be illustrated by the following extracts from a speech by Mr. Henry White, the general secretary of the United Garment Workers of America:

In America competition has reached a pitch of intensity unknown anywhere else. . . . Instances can be cited where production has been carried on in some large industries at practically no profit, simply with the hope that conditions would improve and because of the inability to withdraw invested capital. Against such destructive warfare combination has come as a relief. . . . In the clothing trades free competition of a certain kind has reached its last ditch and any change would be gladly welcomed as a relief.<sup>4</sup>

Mr. Samuel Gompers, president of the American Federation of Labor, spoke of the "legitimate development and natural concentration of industry."<sup>5</sup>

On the other hand some of the trusts have deliberately favored union labor, while others have retained their old attitude of an-

<sup>1</sup> Industrial Commission, vol. 7, p. 441; and *The Trust, Its Book* (Bridge, Editor), p. 204.

<sup>2</sup> Industrial Commission, vol. 17, p. 332.

<sup>3</sup> Lexow Trust Commission, 1897, p. 169.

<sup>4</sup> Chicago Conference on Trusts, pp. 324, 325.

<sup>5</sup> *Ibid.*, p. 330.

tagonism. This makes it difficult to draw any definite conclusion concerning the relations of trade unions and trusts. The final report of the Industrial Commission shows that its members can find no clue to guide them in the matter, for this report declares:

It is impossible to make any statement that will be of universal application regarding the attitude of combinations towards trade unions. In most cases the position taken seems chiefly a matter of personal preference, or it may have been brought to the combination by the experience of some of the establishments which form it.<sup>1</sup>

The object of the present paper is to set forth certain facts which may throw light on this complex situation, and which perhaps warrant more definite conclusions concerning the mutual relations of trusts and trade unions.

## I.

It is often assumed that the growth of trusts has stimulated the growth of trade unions; but inquiry will show that it is hardly possible to point to a single instance where the rise of the trust has been followed by a combination of the workmen employed in the industry affected. As will be noted later, an existing trade union has sometimes been enabled to strengthen itself through an alliance with a trust, but the writer is unaware of a single case where a combination of capital has provoked permanent and successful union among the work people.<sup>2</sup> The reverse order of events, however, is not uncommon. The introduction of large-scale production indeed tends to the growth of trade unions, for in their absence the single workman is at a serious strategic disadvantage in bargaining with the employer; but when the union has been formed the strategic disadvantage is transferred to the employer. He is faced by a compact body of trade unionists

<sup>1</sup> Industrial Commission, vol. 19, p. 622.

<sup>2</sup> Possibly the Tobacco Workers' International Union is an exception, but even it is by no means to be described as successful, as it includes only five or six per cent of the workers. *Ibid.*, vol. 7, p. 192 of digest.

who assert that other establishments in the trade are giving higher wages or better conditions than his factory, and that he must bring his establishment into line. The possibility of being forced into this position is of course the reason why the employer, while often willing to treat with a committee of his own workmen, usually refuses to negotiate with the officers of their national or international union. He realizes that if once he meets the officials of an organization which has branches throughout the whole country, which has command of information concerning the conditions of trade and labor in every centre of industry, and which is sufficiently well disciplined to act in concert in obedience to any line of policy that may be agreed upon, then he, and not the workmen, will be the weaker party in the driving of a bargain. The employers therefore federate in their turn; and thus, in the end, are brought face to face the consolidated forces of labor and of capital, organized on each side and meeting at regular intervals to draw up agreements regulating wages, hours and conditions of work. This system is now very generally adopted in the staple industries of Great Britain.<sup>1</sup> In America the system of collective bargaining and of annual agreements regulating the whole of the relations between employers and work people in a particular trade is less widespread, but it is growing in favor. Already in the bituminous coal regions,<sup>2</sup> formerly in the anthracite districts,<sup>3</sup> to some extent in the iron, steel and tin industries,<sup>4</sup> in the stove-foundry trade (one of the most effective systems),<sup>5</sup> and in the glass trades,<sup>6</sup> wages are fixed by joint boards representing the majority of workers and employers in the industries affected. In precisely the trades mentioned above there now exist or have existed trusts, *e.g.* the Pittsburg Coal Company,<sup>7</sup> the combination of anthracite operators, the United States Steel Corporation with its subordinate companies, the window-glass and flint-glass trusts. Even more direct evidence than this mere coincidence can be adduced. Mr. Roberts, in his recent book on the anthracite coal industry, points

<sup>1</sup> Webbs, *Industrial Democracy*.

<sup>2</sup> *Industrial Commission*, vol. 17, p. 326.

<sup>3</sup> *Ibid.*, vol. 17, p. 327.

<sup>4</sup> *Ibid.*, vol. 17, p. 339.

<sup>5</sup> *Ibid.*, vol. 17, p. 347.

<sup>6</sup> *Ibid.*, vol. 17, p. 361.

<sup>7</sup> This combine was not, however, successful in establishing the monopolistic power it had hoped for.

out how the rise of the trade unions stimulates combination among the capitalists.<sup>1</sup> And in the stove foundry trade there exists, alongside of the organization dealing with relations with employees, another association dealing altogether with the commercial side of the business, and to a large extent officered by the same men.<sup>2</sup>

While these facts are by no means conclusive, there seems at least to be more reason for holding that trade unions have fostered the growth of trusts than that trusts have fostered trade unions. But the existence of trade unions is, of course, only a contributory or minor cause in the development of the trusts.

## II.

If it be granted that trusts do not as a general rule cause the growth of trade unions, there still remains the question as to their effect on the workmen's organizations and on the position of the employees generally. It is perfectly evident that the Lexow Trust Commission of 1897 believed that the trusts were a dangerous menace to the workingman. In its report is to be found the following passage:

Another advantage is alleged to be that of better wages and more constant employment. We are unable to reach this conclusion. No part of the profit arising from admitted economies and resulting in large dividends on inflated stocks has reached labor in the form of higher wages, while the claim of constancy of employment is negated by the fact that factories in operation for a generation have been closed and that workingmen, more or less continually employed for years in a factory independently operated, have been discharged on its absorption by the combination.<sup>3</sup>

This passage was written in 1897. Three years later the situation was so far changed that we find the glass trust (The National Glass Company) deliberately unionizing all the establishments

<sup>1</sup> The Anthracite Coal Industry, pp. 69, 70, 78.

<sup>2</sup> Industrial Commission, vol. 7, pp. 860, 867.

<sup>3</sup> Investigation of Trusts, N.Y. Senate Documents, 1897, no. 40, p. 17.

under its control,<sup>1</sup> and Mr. Schaffer, the president of the Amalgamated Association of Iron, Steel and Tin Workers, expressing an opinion decidedly favorable to trusts.<sup>2</sup> It appears, then, that caution is necessary in drawing conclusions from the conditions obtaining at any given moment. Caution is further required because of the difficulty of obtaining exact information.<sup>3</sup>

With these warnings to the reader, the writer takes up, first, the cases where a noticeable friendliness prevails between the two organizations.

The case of the flint-glass trust, referred to above, is one of the most remarkable. The story of its formation, as told in the report of the Industrial Commission, presents many of the familiar features of reckless over-production, fierce competition and absence of profits or even positive loss on the capital invested.<sup>4</sup> In 1899 the question of a combination was discussed and arrangements were made for the merging of nineteen concerns into a single corporation to be entitled the National Glass Company. Its method of organization differed in several respects from that of most trusts; it seems indeed to be nearer akin to a German cartell than to an orthodox American combine,<sup>5</sup> and it was not formed by a promoter, but by a committee of manufacturers. There was no over-capitalization, and no complete centralization of management.<sup>6</sup> But for our present purpose the most interesting point about the flint-glass trust is its attitude toward that

<sup>1</sup> Industrial Commission, vol. 7, p. 831.

<sup>2</sup> *Ibid.*, vol. 7, p. 395.

<sup>3</sup> The facts set forth in this paper are derived mainly from the evidence taken before the Industrial Commission, but that body did not direct any special attention to this matter, and not infrequently the evidence of the witnesses stops precisely at the point where for our purpose further light is most needed. A theoretical economist who is not in direct and immediate touch with the business world may easily be misled by such partial and incomplete information as can be gathered from government reports, commercial and trade-union journals, and occasional conversations with business men.

<sup>4</sup> Industrial Commission, vol. 7, pp. 896 *et seq.*

<sup>5</sup> For a discussion of the differences between trusts and cartells, see Aschrott, *Die amerikanischen Trusts* (Tübingen, 1889); de Rousiers, *Les Syndicats industriels de producteurs* (Paris, 1901), p. 119; Grunzell, *Über Kartelle* (Leipzig, 1902).

<sup>6</sup> Industrial Commission, vol. 7, p. 829.

union whose members it employs — the American Flint Glass Workers' Union. When the combination was in process of formation, the leaders of the men came to the organizers and pointed out that, of the nineteen concerns which were to be absorbed, twelve were union and seven non-union; that the rules of the Flint Glass Workers' Union did not permit the same company to employ both union and non-union men; and that refusal to recognize the union in any of the plants owned by the combine would lead to a strike.<sup>1</sup> The labor employed in this industry is highly skilled, and the union, which was founded as far back as 1878, numbers about 10,000 members and includes about eighty-five per cent of the men in the trade.<sup>2</sup> If the threatened strike had been declared, non-union men could not possibly have been secured in sufficient numbers to carry on the business successfully, independent competition would have arisen, and the trust would have collapsed. The directors decided to take the course of recognizing and treating with the union, though it is evident that some of them adopted this plan with great reluctance.<sup>3</sup> One witness, however, suggests a further and interesting reason for the willingness of the majority to treat with the union — a willingness that is noticeable in every branch of the glass trade, save in the manufacture of plate glass. It is asserted by Mr. Hammett, formerly treasurer of the Window Glass Cutters' League, that the reason is to be found in the very high proportion which the cost of labor bears to that of the other factors of production in the glass industry.<sup>4</sup> Competent witnesses say that it amounts to seventy-five per cent of the total cost in the window-glass trade, and sixty per cent in the flint-glass trade.<sup>5</sup> Now an association of manufacturers is greatly helped, both in discovering a basis for prices and in maintaining the level of prices, if it is assisted by the union in maintaining a common level of wages. "Organized labor," says Mr. Hammett, "puts them all upon the same footing as to the question of wages to go into the market."<sup>6</sup> In another branch of the trade, glass-bottle blowing, the same

<sup>1</sup> *Ibid.*, vol. 7, p. 831.

<sup>2</sup> *Ibid.*, vol. 15, p. 425.

<sup>3</sup> *Ibid.*, vol. 7, p. 898.

<sup>4</sup> *Ibid.*, vol. 7, p. 927.

<sup>5</sup> *Ibid.*, vol. 7, p. 838.

<sup>6</sup> *Ibid.*, vol. 7, p. 827.



set of circumstances appears even more clearly, although at the time when the evidence was taken a trust had not been formed.<sup>1</sup>

The immediate effect of the formation of the flint-glass trust was an advance in prices. Common tumblers which had been ten cents a dozen were raised to sixteen cents; blown tumblers rose from twenty cents to twenty-five cents.<sup>2</sup> The trust managers, however, asserted that the increase was no more than was necessary in order to secure a fair margin, and that there were no special complaints from those who handled the trust's goods by reason of the advance in prices.<sup>3</sup> Wages were increased five per cent,<sup>4</sup> according to one witness; another witness, who had operated a non-union factory prior to the combination, said that the rise was twenty-five per cent,<sup>5</sup> and hours of labor were decreased. At the same time the stockholders received a dividend of ten per cent.<sup>6</sup>

In the window-glass trade a somewhat similar situation existed. The trade union had at one time absolute control: every workman in every window-glass factory was a union man. The union made rules concerning the admission of apprentices and enforced a very short working week — forty hours.<sup>7</sup> There were some internal dissensions among different branches of the workers prior to 1900. Complete amalgamation was secured for a time, but a fresh rupture occurred subsequent to the formation of the trust. In this case also it was stated that many manufacturers were favorable to the union and to the system of yearly wage agreements, because of the consequent enforcement of a uniformity of wages which minimized competition.<sup>8</sup>

Since its formation the trust has maintained special agreements with the work people under which the factories are closed for five or six months every year, in order to keep up the level of prices.<sup>9</sup> The trade union operates some coöperative factories, which have also an agreement with the trust to close down annually for sev-

<sup>1</sup> See an interesting dialogue, too long for quotation, on p. 108 of vol. 7 of the Industrial Commission's Report.

<sup>2</sup> *Ibid.*, vol. 7, p. 897.

<sup>3</sup> *Ibid.*, vol. 7, p. 839.

<sup>4</sup> *Ibid.*, vol. 7, p. 834.

<sup>5</sup> *Ibid.*, vol. 7, p. 897.

<sup>6</sup> *Ibid.*, vol. 7, p. 897.

<sup>7</sup> *Ibid.*, vol. 7, p. 44.

<sup>8</sup> *Ibid.*, vol. 7, p. 46.

<sup>9</sup> *Ibid.*, vol. 13, p. 579.

eral months.<sup>1</sup> And in this one case the trust has taken a further step in its relations with the trade union. It not merely recognizes the union and shares with it some part of its monopolistic gains; it also endeavors to make a bargain that the supply of labor shall be cut off from the independent producers,<sup>2</sup> following in this respect the plan for coöperation of capital and labor so loudly advocated by Mr. E. J. Smith,<sup>3</sup> and adopted in the Birmingham Bedstead Alliances (now dissolved). In an address by the president of the union, there occurs the following passage:

Heretofore we have stipulated that manufacturers signing our scale are not permitted to employ any men who do not belong to our organization. This year we will agree not to furnish a scale to any concern<sup>4</sup> that does not belong to the manufacturers' organization. The manufacturers are justified in making this request as they have acceded to our demands in this regard for years.<sup>5</sup>

The trust also used the power of the trade union to compel the independent manufacturers to restrict production by agreeing to a long shut-down in the summer. An increase of ten per cent in wages was promised,

provided the large majority of the factories, coöperative and independent, close down this month when the American<sup>6</sup> factories stop, and next fire<sup>7</sup> the great majority must start and stop at the same time as the American factories.<sup>8</sup>

Soon after its formation, the combine also set aside in trust for the union a block of stock, and actually admitted the president to the board of directors, on condition that the union should always keep its factories manned.<sup>9</sup> While never openly proclaimed, it

<sup>1</sup> *Ibid.*, vol. 13, p. 566.

<sup>2</sup> *Ibid.*, vol. 17, p. 364.

<sup>3</sup> See E. J. Smith, *The New Trades Combination Movement* (London, Rivingtons, 1899).

<sup>4</sup> Nor, in consequence, to permit unionists to work for that concern.

<sup>5</sup> *National Glass Budget* (Pittsburg), Aug. 2, 1902.

<sup>6</sup> *I.e.* the factories of the American Window Glass Company — the trust.

<sup>7</sup> *I.e.* period of work when the fires are in constant operation.

<sup>8</sup> *Commoner and Glass Worker* (Pittsburg), May 10, 1902.

<sup>9</sup> *Ibid.*, Jan. 17, 1903.

was commonly understood that the union was not merely to supply all the labor needed by the trust, but to restrict the number of workmen available for the independents. The union, however, was unable, owing to strife in its own ranks, to fulfil its obligations, and the stock was forfeited. But it is easy to see how such a treaty with a union of skilled and highly organized workmen might make the trust practically impregnable as possessor of a monopoly of both instruments of production and skilled men.

In the glass-bottle industry a trust has not yet been formed, and it is freely admitted that a successful combination can come about only by the coöperation of both workmen and capitalists. At a meeting of the manufacturers

it was decided to ask the help of the workers in bringing about better conditions in that branch of the industry by agreeing to delay the start of the factories next fall. . . . The only way successful curtailment of production can be brought about was decided to be with the coöperation of the organized workers.<sup>1</sup>

The workers on their side are far from being averse to such co-operation. A trade unionist writes in the trade journal:

As the manufacturers themselves practically admitted their inability to effect an organization by their failure to do so, I would suggest that the G. B. B. A.<sup>2</sup> help them out. I would have the manufacturers' organization meet prior to the conference of the two wage committees next summer and adopt a minimum selling list, and at the conference have this list presented. This list, after its adoption by the conference, to be printed side by side with the blowing list<sup>3</sup> and our factory committee to present the same to each firm in the business, and we then protect the selling list in precisely the same manner as we do the blowing list, namely, at the first evidence of cutting prices the members of our organization to withdraw from such factory.<sup>4</sup>

It appears that these proposals have not yet been put into operation; the simple fact, however, that they have been put forth by

<sup>1</sup> *Commoner and Glass Worker*, April 10, 1902.

<sup>2</sup> Glass Bottle Blowers' Association.

<sup>3</sup> Giving workers' wages on piece-work scale.

<sup>4</sup> *Commoner and Glass Worker*, Jan. 25, 1902.

both sides to the bargain is sufficient to show the probable trend of events.

The now defunct National Wall Paper Company was formed in 1892, not through the agency of a promoter but by the efforts of the individual manufacturers, and it was not over-capitalized. It has been for many years the custom to shut down factories for several months in each year, and in 1894 the factories were closed for a longer period than usual. The lack of work caused dissatisfaction among the employees; and the two unions of skilled work people interviewed the managers,

and before they would go ahead for the next year's work they made a demand that we give them eleven months' continuous employment, and to that demand we acceded. . . . And it would have embarrassed us very much not to have granted their demands, situated as we were.<sup>1</sup>

The dissatisfied employees, who were highly skilled,<sup>2</sup> succeeded in obtaining a very considerable rise of wages in addition to the longer period of employment.<sup>3</sup> They found that the existence of a trust was of great assistance to labor in enforcing its demands. "It is much easier," Mr. Burn testified, "to replace the amount of skilled labor required for one factory than it is for twenty factories."<sup>4</sup> But it never occurred to the National Wall Paper Company to follow the plan advocated by Mr. E. J. Smith and adopted by the Birmingham Bedstead Alliances and by the window-glass trust, *i.e.* to make use of this scarcity of skilled labor to embarrass its competitors, by bargaining with the union that in return for the privileges granted by the trust it should not permit its members to enter the employment of independent firms.<sup>5</sup>

Turning now to the iron, steel and tin industries we find it a little difficult to distinguish the various threads of development, because the different trusts have adopted dissimilar policies. One or two interesting facts, however, may be set forth. The two par-

<sup>1</sup> Industrial Commission, vol. 13, p. 293.

<sup>2</sup> Lexow Trust Commission, p. 688. Industrial Commission, vol. 13, p. 293.

<sup>3</sup> *Ibid.*, vol. 13, p. 293.

<sup>4</sup> *Ibid.*, vol. 13, p. 293.

<sup>5</sup> Lexow Trust Commission, p. 699.

allel tendencies, towards unionism among the workers and combination among the capitalists, appear in the iron and steel industries; and here first, in the United States, were wages and conditions of employment determined by annual joint agreements.<sup>1</sup> In the different branches of this industry the percentage of organized men varies to a considerable extent. About two-thirds of the entire puddling industry is organized. Among iron and steel workers, the proportion is only one-half. In the sheet-iron branch it is higher, eighty-five to ninety per cent. Among the tin-plate workers about ninety-five per cent are organized in two unions.<sup>2</sup> As the tin workers are so highly organized, it is not surprising that the trust preferred to recognize them rather than risk a strike. It not only continued to treat with the union in those plants where unionism was established prior to the formation of the trust, but it further permitted several non-union establishments to be drawn into the organization.<sup>3</sup> When the trust was organized, the tin workers received an advance in wages of fifteen per cent, and in those mills which had previously been non-union, the advance was as much as thirty-two per cent.<sup>4</sup> Wages are based on a sliding scale with a fixed minimum, and thus the workers share in the high prices received by the trust. "They are the best paid men in the country," said one witness; "they are getting their full share."<sup>5</sup>

In the other branches of the iron and steel industry unionism is not so strong; and this fact is reflected in the dealings of the various iron and steel combinations with the Amalgamated Association of Iron, Steel and Tin Workers. The Carnegie Company, it is well known, refused to deal with the unions after the disastrous Homestead strike of 1892. In fact, when it became known that some of the employees of the company had formed a lodge of the Amalgamated Association, the offenders were promptly discharged.<sup>6</sup> The National Steel Company and the American Steel Hoop Company both recognize the Amalgamated Association and, by means of conferences, establish each year a fixed

<sup>1</sup> Industrial Commission, vol. 17, p. 339.

<sup>2</sup> *Ibid.*, vol. 1, p. 928.

<sup>3</sup> *Ibid.*, vol. 1, p. 869.

<sup>2</sup> *Ibid.*, vol. 7, pp. 85, 383.

<sup>4</sup> *Ibid.*, vol. 7, p. 383.

<sup>6</sup> *Ibid.*, vol. 7, p. 385.

rate of wages, based on a sliding scale. Only about half their workers are organized, but the one scale governs the wages of all.<sup>1</sup> The Federal Steel Company also settles wages by conferences between men and managers, but the Amalgamated Association was recognized and its scale signed only in some of the mills forming the combination.<sup>2</sup>

The American Steel and Wire Company on the other hand, though it has never been asked to recognize the union, states through its president that, if such a request were made, it would certainly be refused. But wages are fixed by conference with mill committees and are usually similar to the union scale. Apparently the men recognized that in this case more was to be gained by not pressing the question of the recognition of the union; but there seems good ground for believing that the mill committees consisted largely of union men and acted more or less under the direction of the union officials.<sup>3</sup>

It is interesting to observe that the unionists thoroughly approved of the movement towards consolidation. Mr. Schaffer, president of the Amalgamated Association of Iron, Steel and Tin Workers, when asked what was his opinion of trusts and concentration of capital, replied that so far the effect had been beneficial and that he believed the generality of the members of the association would "prefer to have these larger corporations, syndicates, trusts or combinations than deal with the smaller mills."<sup>4</sup>

Apparently the system of "exclusive agreements," or refusal of the union to work for any employer not in the masters' association, was just beginning to evolve. Mr. Schaffer testified:

We have a very complete system. . . . We have been fixing the rates up, and we have had the coöperation on the part of the manufacturers. All that is necessary to make harmonious relations.

Q. Do they act in good faith? A. Oh yes, splendid gentlemen. Our whole difficulty comes from some one who will not go in on that. In fairness to the other employers we must compel him to make the same price or withhold our labor from him.

Q. Have the manufacturers any way of compelling some one man-

<sup>1</sup> *Ibid.*, vol. 1, pp. 946, 948, 955.

<sup>2</sup> *Ibid.*, vol. 1, p. 1012.

<sup>3</sup> *Ibid.*, vol. 1, p. 983.

<sup>4</sup> *Ibid.*, vol. 7, pp. 395-96.

ufacturer to give in? A. Only by withholding our work from him; keeping the skilled workmen away from him. . . . We do that ourselves. We think it only fair to do that with them; to protect them all we can.<sup>1</sup>

We are now in a position to understand the situation when the United States Steel Corporation was formed. The union of the skilled workers of the combine was at that time all but supreme among the tin workers, and commanded the allegiance of about half the labor in iron and steel. Many of the constituent corporations making up the great trust had recognized the union; others, however, had refused to treat with it. The union leaders believed that, exactly as the tin workers and the glass workers had used the capitalists' organization to strengthen their own position, so they, by refusing to work for any mill in the combination unless all were unionized, could so embarrass the newly-formed trust that their demands would be readily granted and the union would become straightway supreme throughout the whole body of workers. It was, as is pointed out by Carroll D. Wright, essentially a fight for recognition, not for increase of wages or betterment of conditions.<sup>2</sup> But the leaders miscalculated their strength. They controlled only a bare majority of the labor and were dealing with energetic men, some of whom were vigorously opposed to trade unionism. The strike ended practically with a restoration of the *status quo*; but some plants which had been union were henceforth to be non-union. To-day in some concerns of the steel trust unionism prevails; in others it remains absent.

In the bituminous coal field there are evidences of harmony and coöperation between the trade unions and the combinations of capitalists, although up to the present none of the latter has reached the dimensions of a trust. The formation of the Pittsburg Coal Company, embracing 140 properties, was welcomed by the employees, and relations between the combination and the trade union were entirely harmonious.<sup>3</sup> For this fact there was one very obvious reason. Wages were paid, as in many branches

<sup>1</sup> Industrial Commission, vol. 7, p. 96.

<sup>2</sup> *Quarterly Journal of Economics*, vol. 16, p. 62.

<sup>3</sup> Industrial Commission, vol. 13, p. 101.

of the iron and steel trade, on a sliding scale based on the price of coal and with a fixed minimum.<sup>1</sup> The combine hoped to establish a monopoly and raise prices. The workmen evidently welcomed such a course, as it would lead to a rise in their own wages. On the other hand, many of the employers are friendly towards the union, because the existence of a steady level of wages eases the force of competition, which, owing to the large and scattered deposits of bituminous coal, is especially strong in the mining of that commodity. One employer says:

The only fault I have to find with the labor organization is that they are not able to regulate matters so that the entire thing would be uniform. . . . The only drawback is that they are not strong enough.<sup>2</sup>

In the railway world competition is not yet eliminated; there no trust of the industrial type exists. But it may perhaps be worth while to inquire into the attitude of the trade unions — the railway brotherhoods — towards pooling and consolidation. It will be found that they unanimously object to rate wars. In the document drawn up for the Industrial Commission by the chiefs of the five railway brotherhoods or orders, *i.e.* engineers, firemen, conductors, trainmen and telegraphers, we find passages emphatically condemning cut-throat competition between railroads:

If the practice of accepting business at a loss is continued, after all other economies have been inaugurated the wages of the employees will naturally become the object of consideration or attack. . . . We have been of the opinion that the government should be very careful in exercising or extending its right of control of the railways, but if the railway officers themselves cannot or will not prevent such ruinous and disastrous wars under the guise of competition, the government should assume the rôle of guardian for them and in the interests of the shippers, the dealers, the travelling public and the railway employees, take such steps as may be necessary to establish and enforce a minimum scale of rates or in some other way to effectually stop these insane departures from business principles which seem to be becoming somewhat periodical in their recurrence.<sup>3</sup>

<sup>1</sup> *Ibid.*, vol. 13, p. 101.

<sup>2</sup> *Ibid.*, vol. 12, p. 75, and also p. 29.

<sup>3</sup> *Ibid.*, vol. 4, p. 69; *cf.* also vol. 9, p. 71.



And the president of the New York Central Railroad says that the employees are gradually coming round to the view that unrestrained competition is bad for themselves as well as for their employers "and are rather inclined to help the railroad in averting injurious legislation."<sup>1</sup>

The brotherhoods appear, on the whole, to approve of consolidation, because by its means the advantages gained by their organizations on strong lines are extended to weak local roads. The same views with regard to rate wars and consolidation are held by the other unions of railroad employees which do not rank with the five brotherhoods.<sup>2</sup>

While the employees are coming to favor the policy of the railroads with regard to consolidation, the companies on their side regard the brotherhoods, as a general rule, with approval and willingly treat with them concerning wages and conditions of work. The president of the "Big Four" says emphatically, "We have got along better since we had organizations than we did before."<sup>3</sup>

In the case of one other trust we find a noteworthy degree of cordiality to the trade union. The president of the former asphalt trust states:

I believe that union is better for business men, for laboring men and for all. Almost all our work is done by union labor. Coöperation conserves force, and is advantageous to society, though the power of consolidation may be abused either by the workingmen or by the employers. Our relations with labor organizations are very friendly.<sup>4</sup>

### III.

There are industries, however, in which the trust and trade union display no such friendly feeling towards one another. The following trusts state that they do not recognize union labor: the biscuit trust, the<sup>5</sup> General Chemical Company,<sup>6</sup> the cordage trust,<sup>7</sup>

<sup>1</sup> Industrial Commission, vol. 4, p. 70.

<sup>2</sup> *Ibid.*, vol. 4, p. 256.

<sup>3</sup> *Ibid.*, vol. 4, p. 291.

<sup>4</sup> *Ibid.*, vol. 13, p. 679.

<sup>5</sup> *Ibid.*, vol. 13, p. 720.

<sup>6</sup> *Ibid.*, vol. 13, p. 675.

<sup>7</sup> *Ibid.*, vol. 13, p. 140.

the rubber trust,<sup>1</sup> the Pressed Steel Car Company,<sup>2</sup> the whiskey trust,<sup>3</sup> the salt trust.<sup>4</sup>

Concerning the sugar trust we learn that the laborers whom it employs are almost exclusively unskilled and belong to the lowest rank of foreign immigrants — Poles and Bohemians. They are not in any union.<sup>5</sup> Evidence of a somewhat similar nature is given with regard to the Standard Oil Company. To one witness the question was put: "Do the Standard Oil Company and the independent producers look with favor upon labor organizations?" He answered:

So far as I am informed on the subject, I believe they do, although so far as labor organizations apply to the oil industry we have very little of it. It is a matter of individual contract and the wage is dependent on the skill of the operator. For that reason we have very little of the union of labor there.

Both the sugar trust and oil trust insist, however, that they pay good wages and treat their men well, and one of the Standard Oil magnates states that he believes in the right, and indeed the duty, of labor to organize.<sup>7</sup> But in view of the general unorganized condition of the oil workers, and the fact that this witness denounces demagogic labor leaders, we are perhaps justified in regarding his expression of belief in unions as a pious opinion of little practical importance.

At one time, however, the oil trust formed a temporary alliance with a trade union. In the year 1887 the trust and the association of producers of raw oil arranged for a "shut-in" to relieve the glut in the market and put a stop to falling prices; and for once thought was taken of the workers who would be thrown out of employment by the limitation of production. 2,000,000 barrels were set aside to compensate the workingmen. They received one dollar a day, distributed through their organization,

<sup>1</sup> *Ibid.*, vol. 13, p. 85.

<sup>2</sup> *Ibid.*, vol. 13, p. 721.

<sup>3</sup> *Ibid.*, vol. 13, p. 256.

<sup>4</sup> *Ibid.*, vol. 1, p. 189.

<sup>5</sup> *Ibid.*, vol. 1, pp. 128-29. These facts seem to suggest that the clause stating that opposition to illegal combinations of work people was one of the objects of the trust was merely a blind. See above, p. 194.

<sup>6</sup> Industrial Commission, vol. 1, p. 483.

<sup>7</sup> *Ibid.*, vol. 1, p. 542.

the Well Drillers' Union. The reason for this unusual generosity was that "the drillers could have made a failure for the producers, had they been so determined. Enough of them could have got together to start drilling on their own account."<sup>1</sup> The workmen not merely secured compensation for the period of the "shut-in," but also obtained a raise of wages, when work was resumed.

In the case of the cotton-thread trust little information concerning the position of the employees is available. But we learn that the large textile businesses in Massachusetts commonly refuse to recognize the labor unions,<sup>2</sup> which save in a few highly skilled trades "are very weak."<sup>3</sup>

The few ascertainable facts about the situation in the bicycle trade are not without interest. In the list of general aims given in the preamble to the constitution of the International Association of Allied Metal Mechanics, this union declares its

opposition to trusts and combinations of capital, which act not alone to curtail competition and limit production, but are used as weapons to crush and degrade the wage-worker. Such trusts are fast reducing the wage-worker to a degree of slavery without parallel in the world's history.<sup>4</sup>

These words are more fiery than the circumstances of the case seem to warrant. The American Bicycle Company assumed towards organized labor an attitude similar to that adopted by many of the steel combinations. It permitted the managers of individual factories to make what arrangements they pleased with the union. In one or two plants union labor is used; in others it is not.<sup>5</sup>

There are a few trusts which display not merely indifference but hostility to organized labor. The Glucose Sugar Refining Company employs no union labor. As a general rule its men have not wished to belong to unions, and no unions have been organized among them — probably because they were unskilled. Unions were formed among the machinists and firemen, and in

<sup>1</sup> Industrial Commission, vol. 1, p. 431, *cf.* also p. 483.

<sup>2</sup> *Ibid.*, vol. 7, pp. 913, 915.

<sup>3</sup> *Ibid.*, vol. 17, p. 419; *cf.* vol. 15, p. 445.

<sup>4</sup> *Ibid.*, vol. 17, p. 231.

<sup>5</sup> *Ibid.*, vol. 8, p. 131, 32.

some cases strikes resulted on grounds which the company considered frivolous or unjustifiable. Owing to the difficulty the company has had with these few union men, it does not favor trade unions in its business and it has never at any time dealt with the unions as such.<sup>1</sup> The watch-case trust has apparently shown itself hostile to organization among its workers.<sup>2</sup> The biscuit trust (The National Biscuit Company) states that it has never had any trouble with labor unions or other labor organizations;<sup>3</sup> but its products are on the "We don't patronize" list of the American Federation of Labor<sup>4</sup> — a fact which seems to indicate that it is considered an unfair employer by the general body of unions.

But of all the conflicts between trusts and trade unions, the most notorious is that between the tobacco trust and the Tobacco Workers' International Union. The president of the trust — *i.e.* of the two affiliated companies, the Continental and the American — states that, while he has no objection to the organization of the laborers employed by his companies, the companies take no account of the unions. "We were not going to ask our employees to join a church or a union." This passive attitude looks a little more threatening when Mr. Duke gives a further explanation of his views:

We do not propose to have them organize and inaugurate and lay down rules by which we are to govern our factory.

*Q.* Suppose they simply have rules to run their own affairs? *A.* That is all right.

But when one of the commission quietly suggested that rates of wages and hours of work are, after all, what workmen usually organize to fight for, and that these questions are obviously "their own affairs," Mr. Duke was clearly a little confused at the, to him, apparently novel idea.

*Q.* Do you not think that the 30,000 men in your employ have as much right to say what the wages and hours of work shall be in that trade as you have? *A.* Why, sure. We do not deny them that right.

<sup>1</sup> *Ibid.*, vol. 13, p. 718.

<sup>2</sup> *Ibid.*, vol. 17, p. 297.

<sup>3</sup> *Ibid.*, vol. 13, p. 720.

<sup>4</sup> *Federationist*, February, 1903.

Q. Is not that practically all they organize for? A. I do not know what they organize for; they have not bothered us about organizing.<sup>1</sup>

The leaders of the trade union, on the other hand, state definitely that the hostility of the trust is the main reason for the weakness of their organization.<sup>2</sup> This trust turns a union into a non-union factory. It refuses to have dealings with a "walking delegate." It considers a trade union an "outside influence," rightly placed as far aloof as a church or a political organization.

#### IV.

From this recapitulation of the scattered and incomplete references to the relations between labor unions and combinations of capitalists contained in the report of the Industrial Commission, it is apparent that these relations are quite dissimilar in the various industries. The question then presents itself: Can we find any differences in these various branches of manufacturing which will explain the different attitudes of the employers? In the first place, it should be observed that the strength of the trade union is the most important factor in the situation. The glass workers' unions are exceedingly strong, controlling a very large proportion of the men employed in the industry.<sup>3</sup> So also are the tin-plate workers, and the bituminous miners, while on the other hand there appear to be no unions at all among sugar refiners, oil refiners, chemical workers and the employees of whiskey distillers. The textile unions are very weak;<sup>4</sup> so also are the unions among tobacco workers.<sup>5</sup> We must then ask what determines the relative strength or weakness of the union. There is commonly one all-important factor, the skill of the workers. The glass workers are highly skilled, also the tin-plate workers, the railroad men, and employees of the wall-paper manufacturers. And in fact a little consideration will show that a strong union of unskilled labor is almost impossible. Organization can be built up only on the

<sup>1</sup> Industrial Commission, vol. 13, p. 325.

<sup>2</sup> *Ibid.*, vol. 7, p. 405.

<sup>3</sup> *Ibid.*, vol. 7, p. 44; vol. 17, p. 172. <sup>4</sup> *Ibid.*, vol. 17, p. 419. <sup>5</sup> *Ibid.*, vol. 17, p. 320.

basis of some special power or quality that distinguishes the members from other men. Absolutely unskilled labor cannot be successfully unionized, for it is impossible to control the potential competition of the men who are unsuccessful in other trades. So too any trade which is likely to be entered by colored or alien labor, or by that of women or children, will be difficult to organize and still more difficult to keep organized. In confirmation of these views we find that the railway brotherhoods, in some respects the strongest of all labor unions, are free from all these forms of competition. Railway labor is a prerogative of the American male citizen. Neither negroes, women nor immigrants are trusted to run trains or to collect fares. In most of the branches of the iron and steel industries, immigration is an important factor, which may account for the comparative weakness of some of the unions.<sup>1</sup> In the tin-plate industry there are, indeed, a considerable number of immigrants, but these are highly skilled workmen from Wales, accustomed to a high standard of living, and even more favorable to labor organizations than are native Americans.<sup>2</sup> The glass workers are highly skilled,<sup>3</sup> and have moreover strengthened their position of economic advantage by stringent apprenticeship rules. The treasurer of the Window Glass Cutters' League says:

In our league every man that is working has a right to teach his sons or brother. And then, outside of that, it depends on the demand for cutters. We do not want to teach more than just enough to keep supplied. We have done that all along with exceptions.<sup>4</sup>

Another witness says, concerning the attitude of the manufacturers: "When we started to regulate the apprenticeship system they objected some, but they submitted, because we had the power in our hands through the organization."<sup>5</sup> The same union at one time imposed upon foreigners an initiation fee of \$500,<sup>6</sup> and was instrumental in getting the first contract-labor law passed.<sup>7</sup>

<sup>1</sup> *Ibid.*, vol. 15, p. 425.

<sup>3</sup> *Ibid.*, vol. 7, p. 44.

<sup>5</sup> *Ibid.*, vol. 7, p. 45.

<sup>7</sup> *Ibid.*, vol. 7, p. 44.

<sup>2</sup> *Ibid.*, vol. 7, p. 393.

<sup>4</sup> *Ibid.*, vol. 7, p. 928.

<sup>6</sup> *Ibid.*, vol. 7, p. 928.

The Glass Bottle Blowers allow one apprentice to every fifteen journeymen, a ratio which seems hardly sufficient to keep up the number of trained men needed.<sup>1</sup> The by-laws prohibit the admission of foreign workmen save with the consent of the president and executive board. In the iron and steel trades there are no apprenticeship rules, but men are required "not to teach green hands save by consent of the lodge members."<sup>2</sup> The Iron Molders' Union allows one apprentice to each shop, and one to every eight molders employed therein, but it is said that these regulations are not enforced.<sup>3</sup> Still it is apparent that there is, on the whole, a decided tendency towards the establishment of apprenticeship regulations.

Now these regulations are of great importance in connection with the relations between trusts and trade unions. It is obvious that a union of highly skilled workers, maintaining by its apprenticeship and immigration rules a close corporation, is in a position of such strategic importance that it can easily force from the trust some of its monopolistic profits. Such skilled workers have usually some money saved and are in a better position to hold out in the case of a strike than the average wage-worker. The trade union has been long organized and its members have a certain sense of solidarity. The trusts are in the formative period, and when a trust is just on the point of being launched, any mischance may ruin its prospects. In such a situation as has appeared in the cases of the glass trusts, the tin-plate trust and the wall-paper trust, the men may secure concessions which they could not have obtained from single or even from federated employers. The trust on its side is glad to see the trade union strong, because it will enforce on the independent producers a definite standard of wages, and so will prevent their gaining an economic advantage by lowering the price of labor. There may even be an understanding, express or tacit, that independent producers are not to be supplied with labor, and there is thus a fresh obstacle to the

<sup>1</sup> Industrial Commission, vol. 17, p. 123. There is, however, a considerable number of non-union shops, where more apprentices are taken. The president of the union assured the writer that throughout the trade the ratio of apprentices to journeymen was about one to three.

<sup>2</sup> *Ibid.*, vol. 7, p. 391.

<sup>3</sup> *Ibid.*, vol. 17, p. 238.

entrance of competitors into the trade. The trust may in fact, by means of its alliance with the trade union, corner the available supply of skilled labor, and thus guard its position of monopoly by an additional fortification. The trade union will be specially inclined to favor the trust in trades where wages are determined by a sliding scale, provided there is openness and honesty in adjusting the scale; for in maintaining or raising prices, the trust will *ipso facto* maintain or raise the rate of wages. This appears to be the reason why the workmen looked with so much favor on the formation of the Pittsburg Coal Company<sup>1</sup> and of the tin-plate trust.<sup>2</sup>

## V.

In regard to these alliances of laborers and capitalists views are held and forecasts attempted which to some extent run counter to those of the present writer, and which should be mentioned. The reader may have observed that the trusts forming alliances with the trade unions were, with the exception of the tin-plate trust, rather of the type of pool or cartell than completely unified trusts. They implied merely common selling agreements and a certain pooling of trade secrets; they did not involve a concentration of production in a few scientifically equipped establishments under a single management. And in fact the organ of the glass manufacturers refuses to admit that the combinations in the trade were of the nature of trusts, although they are so classed by the Industrial Commission. "The glass industry," it says, "is not

<sup>1</sup> *Ibid.*, vol. 13, p. 101.

<sup>2</sup> It would be an interesting inquiry whether in the case of such an alliance between a trust and a trade union, the union leaders would retain their objection to the system of profit sharing. So long as that system is adopted by one firm and not by another, the objection is intelligible, for it tends to break up that solidarity of class feeling which is the union's strength. But the situation appears to be decidedly modified when the union is not facing a group of more or less united employers, competing against one another, but is in alliance with a trust concentrating in itself by far the larger volume of business in that industry. Then the trade union might possibly be inclined to alter its views with regard to profit-sharing, stockholding by employees, or the provision of relief funds, hospitals, *etc.* by the capitalists.



yet sufficiently developed to be an object of trustification.”<sup>1</sup> It may perhaps be held that, while the power of consolidated capital will be friendly to trade unionism during the first period of combination, yet, when once consolidation has been achieved, capital will endeavor to shake itself free from the trammels imposed on it by organized labor. It has indeed been hinted that recent movements in the tin-plate industry may admit of this interpretation, and it appears that the alliance in the window-glass combination is on the point of breaking down.<sup>2</sup> Time only can show how far this view is true.

But while this form of alliance between trust and trade union frequently breaks down, it tends constantly to reappear; and we may at all events conclude that while it continues in existence the work people are well able to take care of themselves in their struggle with the power of capital. Our concern should rather be for the consumers who suffer from the raising of prices, and for the unskilled workers and would-be learners, who by restrictive regulations are shut out from participation in the profits earned by the monopolized industry. By such an alliance between trust and trade union the power to raise prices, or lower quality with impunity is greatly increased. It is always a hazardous thing to enter into competition with a trust; but the risk will be doubled when to the possibility of cut-throat lowering of prices is added difficulty in obtaining the necessary supply of skilled labor. Under such circumstances, if the labor monopoly can really be maintained, the force of potential competition will be greatly diminished. On the other hand, the severely restrictive regulations concerning apprenticeship are a real grievance to the mass of young men who are growing up and are desirous of learning a trade. We may agree with the unionists that in the interest of the learners themselves absolutely free entrance to a trade is not desirable. The worker spends some years in obtaining the necessary skill, and has a right to expect that when he emerges from his apprenticeship he will have a reasonable likelihood of making a living. But the proportion so often found of one apprentice

<sup>1</sup> *National Glass Budget*, Jan. 24, 1903.

<sup>2</sup> Owing rather to the sudden introduction of machinery than to the inherent weakness of the agreement.

to ten journeymen is insufficient to maintain the trade at its existing level, much less to provide for its proper expansion.<sup>1</sup>

This alliance between capitalists and skilled workmen would introduce a new cleavage into society. Instead of the horizontal division so constantly in our minds in studying the economic literature of thirty years ago, it introduces a vertical cleavage. The whole of one industry becomes concentrated; the trade unions, the producers of raw material, the manufacturers, wholesalers and retailers are federated together in one vast combination standing face to face with the consumers. Entrance into this circle of monopoly and consequent high profits is at any stage impossible save with the consent of those already in possession. If this movement of alliance between trust and trade union continues, it may become necessary to add to the program of trust regulation which is slowly taking shape, another program for the regulation of trade unions, which, while not interfering with their proper function of enforcing on all employers a definite standard of wages, hours and conditions of labor, shall insist that every qualified person shall be admitted to membership in the union, and that apprenticeship rules, if these are needed, shall be so framed as to prevent the growth of a close corporation.

But what of the other group of trusts, those which are indifferent or hostile to organized labor? In all these cases, the labor employed is of a lower grade: it does not demand the training,

<sup>1</sup> See an article by C. P. Sanger on "The Fair Number of Apprentices in a Trade" (*Economic Journal*, 1895, p. 616), where the whole question is discussed on actuarial grounds. In only one case does Mr. Sanger believe that the ratio of nine journeymen to one apprentice would be reasonable, and then only on the supposition (which is much less likely to be true in America than in England) that the trade is stationary. This matter of apprenticeship rules is one which requires careful investigation, the results of which might have much practical importance, since the American unions are tending in the direction of greater strictness. 'One union — that of the stove founders — bases its rules on a scientific investigation somewhat similar to Mr. Sanger's; in other cases the proportion is fixed by guess-work only, and there does not appear on the surface any reason why one apprentice to twenty-five journeymen should be the proportion enforced in the Chicago clothing trades, while in other industries two apprentices are allowed to five journeymen. The question is further complicated by the facts that frequently the regulations hold for only a portion of the trade, the non-union shops employing as many apprentices as they please, and that sometimes a man is allowed to teach his eldest son without any restrictions.

ability or moral character necessary for the work of glass blowers, machine printers, tin-plate workers or locomotive drivers. But unskilled labor implies a weak union; and a trust opposed by such a union knows that it can easily draw labor from other sources, and from its control of many establishments can put down a strike in one of them without any diminution of production, by a transference of business to other centres. This course was pursued by the American Smelting and Refining Company, when a strike occurred in one of its plants.<sup>1</sup> And if the already existing trust sees indications of organization among its workers, it is in a position to crush the nascent union far more promptly and energetically than can an independent producer. It can use the blacklist with greater certainty; its men, if discharged, have not the opportunity of finding work in the factory of another employer less hostile to unionism. In an industry where union among the men preceded amalgamation among the employers, the union is generally strong enough when such amalgamation is reached to insist on collective bargaining. This view with regard to railway labor is put very clearly in the final report of the Industrial Commission:

It has been asserted that the interests of labor would be jeopardized by any attempt either at pooling or consolidation on the part of the railroads, by reason of the fact that such agreements often provided for an exchange of facilities as between roads in case of the outbreak of labor difficulties upon any one of them. . . . The extension of the great railroad brotherhoods *has so far antedated* the extension of railroad consolidation as to diminish greatly the importance of this consideration. A strike upon any line in the country is now likely to involve by sympathy all competing lines.

But very different is the state of affairs when combination among the capitalists precedes organization among the workers. The trust is then in a position to "smash the unions" or prevent their growth; and motives for adopting this course will not be absent. Since in the trades which are still little organized, laborers are

<sup>1</sup> Industrial Commission, vol. 13, p. 98.

<sup>2</sup> *Ibid.*, vol. 19, p. 328. Italics not in original.

comparatively unskilled and wages also are low, the employers will not desire to see the union strong, even for the sake of forcing their competitors into paying the same rate of wages. The cost of wages will be of little importance, and other methods for fighting the independents are at hand, more efficacious, if not so conducive to the welfare of society at large. Moreover new unions lack experience; they are tactless in their dealings with employers they frequently aim at restriction of output and manifest more or less hostility to machinery; they make absurd claims with regard to the choice of their own foremen, *etc.* The trust has therefore every ground for fighting them and it very generally does so. In the tobacco and anthracite coal industry<sup>1</sup> consolidation among the capitalists preceded organization among the men. Therefore both combinations are bitterly opposed to the union and use all their vast power to crush it. In both cases the union had to deal with a great mass of surplus labor ready to enter the industry, and therefore it has found the work of organization exceedingly difficult. In those industries, then, employing relatively unskilled labor, hostility to labor organization will almost invariably be manifested by the capitalists and their officials. The managers will refuse to treat with any outside representatives of their employees; they will practise individual bargaining; any man who is notoriously discontented and strives to infect others with his own dissatisfaction will run the risk of immediate dismissal. The growth of organization among the men will be hindered from the outset by the enormous power and uniform administration of the trust. A successful strike will be impossible unless it can be secretly organized on a scale large enough to close every one of the trust's plants at once, and unless also the supply of surplus labor can be kept out by a rigid picketing. It is only too probable that under these circumstances trade-union propaganda will be accompanied by its worst features of secrecy and terrorism. The situation will be peculiarly difficult, and the feeling unusually bitter, when the rise of the trust is coincident with the introduction of new machinery which can be worked by unskilled labor. In such a case there will exist not merely the difficulty of orga-

<sup>1</sup> As far as concerns the last twenty-five years.

nizing a union of the fresh workers, but the union of the former skilled men, whose laboriously acquired technical skill has suddenly been rendered useless, will complicate the situation by its hostility at once to the combine and to the new unskilled worker. To some extent this is the situation to-day in the trade of cigar-making;<sup>1</sup> and a similar situation may develop, unless the union is skillfully guided, in the window-glass industry.

Now granting that in trust-controlled industries, where the labor employed is unskilled, the growth of unionism is likely to be checked, what is the probable effect on the condition of the laborer and on society generally? The laborer will be practically at the mercy of the combination. His wages can be reduced, his hours of work lengthened, his conditions of employment will steadily deteriorate and protest will be to him increasingly difficult. On the one hand his possible employers will become fewer, on the other, entrance into a skilled trade will become more difficult. The unskilled or little skilled laborer will be in a position of far greater dependence than he has ever known before; and, like all dependents, he will be subject to sudden outbursts of rage against his subordinate position and to the intoxication of power, should a slight success be achieved through combination with his fellows. Not improbably, therefore, in place of the slow growth of trade unionism, making steadily for conservatism and conciliation in dealing with employers, we shall see in this section of the labor world sudden and irrational outbursts, extravagant demands when a little success is gained, and a growing embitterment between laborers and capitalists.

## VI.

It should be remembered, however, that in many respects the trust may be able to accord better treatment to its work people than the competing individual firm. When the first dismantling of superfluous factories and dismissal of workmen is at an end, there is assured to the employees one great blessing which can be obtained by no trade union methods at present known, *i.e.* continuity of employment. The combinations are relieved from the

<sup>1</sup> Probably also in watch-case engraving.

pressure of competition and can therefore afford to pay better wages. Whether they do so or not is still a disputed point. Wages appear on the whole to have risen among the employees of all trusts, but it is not clear that the rise is greater than that in competitive branches of industry. A recent bulletin of the Department of Labor says:

The only conclusion that can fairly be reached under the circumstances is that the combinations on the whole show the same tendency as the large private companies, and that so far as the figures go one cannot say that they have treated the laborer any less generously.<sup>1</sup>

Sanitary and other conditions are likely on the whole to be better under the trusts, for they operate as a rule new plants specially built and planned for the trade in question. An inquiry into the hours of work in concerns under the control of trusts would be interesting. One of their methods of making profit is to get as much out of their fixed capital as possible; and they will therefore tend to keep the machinery working for longer hours. In all probability, then, in the matter of hours and of suitable seasons for work, the trust employees will tend to be worse off than those in the service of private firms.

So far as can be ascertained, not even the trusts employing unskilled labor have thus far depressed the rate of wages, but it is too soon to conclude that they will never use their undoubted power to do so. Hitherto the trusts have on the whole been passing through a period of great prosperity, and have had no motive to recoup themselves for their losses out of the earnings of their employees. But they may not always maintain this benevolent attitude. In a time of trade depression, an over-capitalized concern will certainly endeavor to make its men share in its losses. A strong trade union might be able to prevent reduction of wages, for it could close the factories and cut off all production whatever; but in an industry where mainly unskilled labor is employed and where the trade union is weak or non-existent, the men will be able to make no resistance. Their wages will be reduced and their standard of life lowered; and it is doubtful whether, in the absence

<sup>1</sup> Bulletin of Department of Labor, July, 1900, p. 692.

of organization, they will be able when good times come again, to recover the position they have lost.

## VII.

The practical conclusion suggested by the facts presented — a conclusion sufficiently important both for the legislator and business man of to-day — is that the growth of trusts makes both possible and urgent a large extension of legislation dealing with labor. In the first section of the industrial field which we considered, the demand for legislation will come from the side of the consumers. The trade union, by its restrictive policy, will increase the monopolistic power of combinations of capital and will make entrance into a profitable field of employment difficult for the young man anxious to learn a trade. If the movement for incorporation of trade unions is carried further, or even if some system, short of incorporation and similar to the English method of registration, is adopted, it may be possible to establish supervision over the trade-union regulations — a supervision by which harmful and restrictive rules can be thrown out, while the trade unions are upheld in their proper work of establishing a definite standard of wages, hours and conditions, to which all factories must adhere. In the second section of industry subject to the trusts, trade unions should be strengthened, not weakened; for only thus can the workmen retain some measure of independence. Otherwise there will inevitably appear the “bondage to the job” and the consequent “feudalism” anticipated by a recent writer;<sup>1</sup> and we may hope, but can by no means be assured, that it will be “benevolent.” As therefore, in the first section, supervision is needed by trade unions, so here a wise public opinion will watch the attitude of the corporations, considering in the first place whether it may not be necessary to guard against the victimizing of unionists, and urging in the second place that all corporations shall consent to treat with unions that include a majority of their work people.<sup>2</sup>

<sup>1</sup> J. W. Ghent, *Our Benevolent Feudalism*.

<sup>2</sup> The Anthracite Commission's awards ix and iv amount practically to these regulations.

Moreover the community will be impelled, by the growth of trusts, to contemplate direct legislation concerning the conditions of employment. The unionists themselves, realizing in many trades their weakness as against the combinations of capital, will turn more and more to the collective powers of the state. They will agitate for the suppression of child labor, for the regulation of the labor of women, for prevention of blacklisting, for regulation of sanitary conditions and of the hours of labor. Such a movement will naturally be most evident among the weaker unions. Thus there is no stress laid on agitation for labor laws in the long established organizations in the metal and glass trades; but the unions of textile and tobacco workers display a distinctly social-jstic trend.<sup>1</sup>

To sum up, then, we find that, in a section of the industrial world, the trade unions, by fixing a definite level of labor cost, make combination among the capitalists easier and are therefore made humble partners in the trusts; in some cases, by restricting the amount of available labor, they succeed in drawing a portion of the profits into their own pockets. But in industries where the labor is unskilled and the wages are low, if the trust appears before the trade union, then combination among the capitalists makes organization among the workers more difficult and lessens their power of resisting unwise or unjust demands.

In both cases the movement toward greater public interference with industry will be strengthened; but in the one case it will proceed from the consumer, in the other from the producer.

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<sup>1</sup> Industrial Commission, vol. 17, p. 77.